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CANADA'S NEED FOR GREATER NATIONAL SAVING

By SIR THOMAS WHITE
Minister of Finance

An Address given before the Toronto Board of Trade, January 3, 1917

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Mr. President and Gentlemen,—I thank you for the privilege of addressing you, and through you indirectly, the public, upon the subject of the need of national saving. A better title would be the need of greater national saving, because it is a mistake to assume, as some do, that there has been no national saving since the outbreak of the war. As a matter of fact, there has been substantial public saving. Let us examine the facts.

When the war broke out Canada had an adverse balance of trade against her of three hundred million dollars. Interest upon indebtedness abroad amounted to at least one hundred and fifty, and probably one hundred and seventy-five millions more. This external deficit was being met by fresh borrowings in Great Britain and the United States. With these borrowings suddenly cut off by the war, the problem before Canada was to increase production, and by this means and by the exercise of economy to increase her exports and diminish her imports in order that the adverse balance might be redressed.

You remember the watchword of the day was "production, production and again production," and in many speeches made by myself and other public men and in press editorials the people of Canada were urged to "produce and save." The people of Canada may always be depended upon to rise to an occasion. They began to produce more and consume less, at least in the first year of the war.

Let us see what has been accomplished. Agricultural production in 1915 was greatly increased. Last year's crop was short, but prices for agricultural and all other produce which we export have been steadily rising. Then there has been the immense production of our munition factories, which has required increased production in the steel and other industries.

Without going into wearisome figures, we may say in a word that increased production plus high prices, with reduced consumption, especially in 1915, have resulted in completely reversing the balance of trade, so that Canada's surplus of exports over imports is more than sufficient to pay the interest upon her foreign indebtedness, which has increased substantially since the outbreak of the war.

More than that, the Canadian people added during 1915, in which there was considerable dislocation of business owing to the war, over one hundred million dollars to their bank deposits, and during the past year about two hundred millions more. Nor is this all. Since the outbreak of the war the Canadian people have subscribed and paid for two domestic loans aggregating two hundred million dollars, and the Dominion Government and the banks of Canada have provided Imperial credits in Canada to the amount of two hundred and fifty million dollars. During the past year the Canadian people have also invested more largely than ever before in provincial, municipal and other securities.

Is there a man in this audience who would have believed this possible if it had been forecast to him two and a half years ago? I am a Canadian born and bred and I never was so proud of my country as I am to-day. My chief pride arises, of course, from the military effort we have put forth and the heroism and sacrifices of our gallant men at the front, but I am also proud of what the Dominion has achieved in an economic and financial way. In England and the United States I know that what we have done and are doing draws forth the tribute of unqualified admiration. There does not, therefore, appear to be any room for national self-depreciation. **But while this is so, I say that the time has come for greater effort, greater self-denial, greater self-sacrifice.**

I shall only speak of these to-day with respect to national saving. The war is increasing daily in scale and intensity. It may last one or it may last two years. No one knows how long it will last. The supreme effort lies ahead of the allies. The financial strain and stress are always greatest in the closing years of a war. With Great Britain, financing not only herself, but also the allies, the burden will be increasingly heavy.

Finance will play a great part, possibly the decisive part, in winning this war, and the basis of national finance must be national savings and national credit. I say that it is the patriotic duty of all good citizens of Canada to exercise economy and to save as much money as they can for investment in the war issues and other securities of the Dominion Government. We can do a lot better than we are doing.

On purely business and material grounds this is the true policy at the present time. There is an enormous circulation of money. If we have a period of dislocation after the war those who save now will be glad of their economy.

Business houses and corporations should conserve their resources, and not pay largely increased dividends. If they do this they will have little to fear from the aftermath of the war. Think of the strong position Canada would occupy if her own people, at the close of hostilities, through the exercise of thrift and economy, held the greater part of the national debt of Canada incurred in respect of the war.

If every citizen of Canada would save to the utmost of his power in these days of high world prices for our produce and enormous munitions expenditures at home, I believe that notwithstanding the huge increase in our national debt which the war will bring, the people of Canada would be stronger financially when the war is over than before it commenced.

We have the natural products which the nations want and with the high prices which prevail for these, the annual national profit will be very great if we do but save. There is another business aspect of the question. Great Britain can place orders on this continent only to the extent that she can borrow the money on this continent. That means that Canada can get orders for all the munitions which we can manufacture if we can provide the money, that is to say, if the people will save and place their savings at the disposition of the Government by purchasing its securities.

The expenditure for munitions in Canada exceeds one million dollars a day. All classes of the community benefit from this expenditure. The British army must have these munitions. They need munitions more than anything else. Economy and national saving will give them munitions.

I do not propose to say what each citizen or his family should eat or should not eat, wear or not wear. What is needed is economy resulting in increased saving.

Munition orders can only continue if the expenditure, which is distributed among all classes, is saved by those classes and made available through the purchase of Government securities for fresh credits to the Imperial Government. From the standpoint therefore of pure business expediency the policy for Canada to-day is to save money and keep it available for Dominion and Imperial war purposes. Those who do not wish to await war loans may invest at any time in three-year Dominion debenture stock. We are also creating an issue of three-year war certificates in small denominations to meet the needs of wage-earners and those of slender means who may be willing to save and help to win the war.

But the highest ground of the appeal is patriotic. This war can only be won decisively by national and individual sacrifice. Many of the noblest of the sons of Canada have made the supreme sacrifice. They have laid their lives upon the altar of their country. By an untimely fate their youthful hopes, their generous ambitions, their loves and affections have been quenched in death. Their comrades at the front to-day are prepared to make the like sacrifice if it is so willed and ordained by Providence. They are enduring without murmur the privation inseparable from the soldier's life. Daily they walk with wounds and death.

Is this a time for self-indulgence at home? Is it not rather a time for deeper moral earnestness, self-denial, and self-sacrifice, in order that we may be worthy to be called the fellow-citizens of these heroes? Shall they want munitions to save their lives and shorten the war and the answer be made that only national saving can provide them, and that instead of saving, their Canadian fellow-citizens prefer to spend the money in luxuries?

I do not believe it. I believe the people of Canada will rise to this as to all other occasions, and that the men at the front will not suffer for lack of shells so far as the industrial facilities of Canada are able to provide them. Let us economize. Let us save. Let us make our savings serve the purposes of the war. Let us make our dollars fight the Hun.